

Message Text

SECRET

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42

ACTION EUR-25

INFO OCT-01 ISO-00 SS-20 NSC-07 CIAE-00 INR-10 NSAE-00

RSC-01 OMB-01 NEA-14 TRSE-00 AID-20 IGA-02 L-03 EB-11

COME-00 SP-03 MC-02 SSO-00 NSCE-00 INRE-00 DRC-01

EURE-00 /121 W

----- 103831

O 311515Z MAY 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC IMMEDIATE 3580

INFO SECDEF WASHDC IMMEDIATE

USCINCEUR IMMEDIATE

S E C R E T ATHENS 3297

E.O. 11652: GDS

TAGS: MARR, GR, US

SUBJECT: POTENTIAL GOG PURCHASE OF A-7E AIRCRAFT

REF: A. STATE 109158

B. ATHENS 3215

1. EMBASSY UNDERSTANDS JUSMAGG LEARNED INFORMALLY FROM DOD THAT ARRIVAL OF DOD NEGOTIATING TEAM LIKELY TO BE DEFERRED SEVERAL DAYS. JUSMAGG INFORMED THAT MESSAGE TO THIS EFFECT WOULD ARRIVE ATHENS SOON.

2. JUSMAGG EARLIER NOTIFIED HAFB THAT DOD NEGOTIATORS ARRIVAL POSTPONED FROM MAY 27 TO JUNE 3 BECAUSE OF PRESS OF OTHER WORK. EMBASSY DID NOT AT THAT TIME WISH ANY DISCUSSION OF FINANCIAL TERMS, AS AUTHORIZED PARA 2, REF A, PRIOR TO DECISION BY USG.

3. SECOND DEFERRAL OF DOD NEGOTIATING TEAM'S ARRIVAL LIKELY TO BE INTERPRETATED BY GOG AS USG RELUCTANCE TO ENTER INTO CONTRACT FOR A-7 SALE AT TIME OF APPARENT GREEK-TURKISH TENSION IN AEGEAN. IF GREEKS DRAW THIS INTERPRETATION, POSSIBILITY EXISTS THAT GOG WILL PROCEED TO SIGN LOA IMMEDIATELY AND WORRY ABOUT FINANCING

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AFTERWARDS.

4. UNLESS THIS COURSE OF ACTION CONTRARY TO AN INSTRUCTION CONTAINED IN MESSAGE PREDICTED PARA 1 ABOVE, EMBASSY INTENDS TO ASK CHIEF JUSMAGG BOTH TO INFORM GOG OF DEFERRAL AND TO INDICATE THAT REASON FOR DEFERRAL IS IN ORDER TO ASCERTAIN DEFINITELY FINANCING POSSIBILITIES PRIOR TO DESPATCH OF DOD NEGOTIATING TEAM. HE WOULD AT SAME TIME INDICATE TO HAFG THAT LOA COULD BE SIGNED, BUT THAT USG COULD NOT MAKE ANY COMMITMENT REGARDING FINANCIAL TERMS OF SALE UNTIL ARRIVAL OF DOD NEGOTIATORS.

5. SINCE FOREGOING DRAFTED, CHJUSMAGG HAS RECEIVED FROM LT. GEN. PAPANICOLAOU, CHIEF HAF, LETTER OF INTENT TO PURCHASE 60 A-7E A/C. HOWEVER, AFTER DISCUSSING TECHNICAL SPECIFICATIONS, PAPANICOLAOU IN LAST TWO PARAS SETS FORTH CONDITIONS FOR PURCHASE, AS FOLLOWS: QUOTE UNDER THESE CONDITIONS WE ACCEPT THE FMS CASE GR-SAY-P4 DATED 28 MAY 1974 FOR THE PROCUREMENT OF SIXTH (60) A-7E AIRCRAFT WITH THE UNDERSTANDING THAT R AND D RECOUPMENT AMOUNTING 7.554 MILLION DOLLARS (60 X 125,900) AND THE 2 O/O ADMINISTRATIVE CHARGES, SHALL BE THE SUBJECT OF FURTHER NEGOTIATIONS WITH THE U.S. GOVERNMENT/DEPARTMENT OF DEFENSE.

QUOTE IT IS OUR SINCERE BELIEF THAT ALL, OR A MAJOR PORTION OF R AND D RECOUPMENT SHOULD BE WAIVED AND THAT THE ADMINISTRATIVE CHARGES SHOULD BE REDUCED IN ACCORDANCE WITH THE PRECEDENT SET DURING THE (GR) F-4E NEGOTIATIONS. END QUOTE. LOA HAS NOT BEEN SIGNED, AND JUSMAGG UNDERSTANDS IT WILL NOT BE SIGNED, UNTIL HAFG'S CONDITIONS ON WAIVER OF R&D AND ADMINISTRATIVE CHARGES ARE MET.

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Message Attributes

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